

# भारत का राजपत्र The Gazette of India

प्रसाधारण

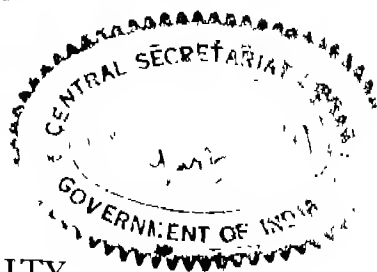
EXTRAORDINARY

भाग II—खंड 2

PART II—Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY



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इस भाग में भिन्न-भिन्न नं० दी जाती हैं जिससे कि यह अलग-अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

## LOK SABHA

The following Bill was introduced in Lok Sabha on the 4th September, 1970:—

BILL No. 95 OF 1970

*A Bill to provide for the establishment of a corporation, for the purpose of acquiring, distributing and selling milk and milk products in the Union territory of Delhi and other areas and for matters connected therewith or incidental thereto.*

BE it enacted by Parliament in the Twenty-first Year of the Republic of India as follows:—

## CHAPTER I

### PRELIMINARY

1. (1) This Act may be called the Delhi Milk Supply Corporation Act, 1970. Short title, extent and commencement.

(2) It extends to the Union territory of Delhi and to the territories of the States of Gujarat, Haryana, Rajasthan and Uttar Pradesh and such other territories as the Central Government may, by notification in the Official Gazette, specify in this behalf and different notifications may be made in respect of different territories.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In this Act, unless the context otherwise requires,—

(a) "Corporation" means the Delhi Milk Supply Corporation established under section 3; Definitions

(b) "Delhi Milk Scheme" means the scheme made by the *ad hoc* Milk Board constituted by the Resolution of the Government of India in the Ministry of Food and Agriculture, No. 27-74/56-LS., dated the 17th August, 1956 (published at page 283, Part I, Section 1 of the Gazette of India of the 25th August, 1956) for ensuring an adequate supply of milk and milk products of good quality at a reasonable price;

(c) "milk" and "milk products" have the meanings respectively assigned to them in or under the Prevention of Food Adulteration Act, 1954;

37 of 1954.

(d) "prescribed" means prescribed by rules made under this Act;

(e) "scheduled bank" means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934;

2 of 1934.

(f) "year" means the financial year.

## CHAPTER II

### DELHI MILK SUPPLY CORPORATION

Establish-  
ment of  
Delhi Milk  
Supply  
Corpora-  
tion.

3. (1) With effect from such date as the Central Government may, by notification in the Official Gazette specify in this behalf, there shall be established, for the purposes of this Act, a Corporation to be known as the Delhi Milk Supply Corporation.

(2) The Corporation aforesaid shall be a body corporate, having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property and to contract, and may by its name sue and be sued.

Head  
office,  
offices and  
agencies.

4. (1) The head office of the Corporation shall be at New Delhi or at such other place as the Central Government may, by notification in the Official Gazette, specify.

(2) The Corporation may establish offices or agencies at other places in or outside the Union territory of Delhi.

Capital of  
Corpora-  
tion.

5. (1) The original capital of the Corporation shall be such sum, **not exceeding seven crores of rupees, as the Central Government may determine and such capital shall stand allotted to, and vested in, the Central Government.**

(2) All non-recurring expenditure incurred by the Central Government for, or in connection with, the Delhi Milk Scheme up to the date of establishment of the Corporation, and declared to be the capital expenditure by that Government, shall be treated as a part of the paid-up capital provided by the Central Government to the Corporation.

(3) The Central Government may provide, by way of loan, any further capital that may be required by the Corporation for the carrying on of the business of the Corporation or for any purpose connected therewith on such terms and conditions as the Central Government may determine.

6. (1) The Corporation may, for the purpose of carrying out its functions under this Act, take advances against stocks of milk or milk products held by it or borrow money from—

Power of Corporation to borrow money.

(a) any scheduled bank; or

(b) any other bank or banking institution approved by the Central Government in this behalf.

(2) The Central Government may guarantee the advances taken or monies borrowed by the Corporation under sub-section (1) as to the repayment of principal and the payment of interest thereon and other incidental charges.

7. (1) All assets owned or acquired by the Central Government for the purposes of the Delhi Milk Scheme before the establishment of the Corporation shall, on such establishment, vest in the Corporation.

Vesting of properties in Corporation.

(2) For the purposes of sub-section (1), assets acquired by the Central Government for the purposes of the Delhi Milk Scheme shall be deemed to include rights, powers, authorities and privileges and all property, movable and immovable, cash balances, reserve funds, investments and all other rights and interests arising out of such property as were immediately before the establishment of the Corporation in the ownership, possession, power or control of the Central Government for the purpose of the Delhi Milk Scheme, and all books of account, registers, records and all other documents of whatever nature relating thereto and shall also be deemed to include all borrowings, liabilities and obligations of whatever kind then subsisting of the Central Government in relation to the Delhi Milk Scheme.

(3) If any question arises as to whether any assets were owned, possessed, held or controlled by the Central Government for the purposes of the Delhi Milk Scheme, or whether any right, obligation or liability was acquired or incurred by the Central Government for the purposes of the Delhi Milk Scheme, the same shall be decided by the Central Government.

8. If, on the date of establishment of the Corporation, any suit, appeal or other proceeding of whatever nature, is pending by or against the Central Government for, or in connection with, the Delhi Milk Scheme, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the assets of the Delhi Milk Scheme to the Corporation and the Corporation shall, in every such suit, appeal or proceeding, become substituted in place of the Central Government and after such substitution the suit, appeal or other proceeding may be continued, prosecuted or enforced by or against the Corporation.

Substitution of Corporation in suits or proceedings.

### CHAPTER III

#### DUTIES AND POWERS OF THE CORPORATION

9. (1) Subject to the rules, if any, made by the Central Government in this behalf, it shall be the primary duty of the Corporation to carry on all or any of the following business, namely, acquisition, supply or sale of milk and milk products and storage, movement, transport or distribution of milk or milk products.

Business of Corporation.

(2) In particular, and without prejudice to the generality of the foregoing powers, the Corporation shall have power to—

(a) ensure an adequate supply of good milk and milk products at a reasonable price;

(b) promote and encourage, by such means as it may think fit, the production or supply, or both, of milk and milk products;

(c) ensure, by such means as it may think fit, that the milk or milk products sold or supplied by it conforms to the standards of purity laid down by or under any law for the time being in force;

(d) fix the prices at which milk or milk products may be purchased or sold by it and its branches or agencies;

(e) fix commissions, salaries or other remuneration payable to the persons employed by it;

(f) acquire milk or milk products from such sources as it may think fit;

(g) enter into and perform all such contracts as are calculated to further the efficient performance of its obligations under this Act;

(h) set up, or assist in the setting up of, any industry for processing milk or for the manufacture of any milk product;

(i) perform any functions as agent or contractor in relation to any milk or milk product sold or distributed by any other person;

(j) provide for the transport, storage and preservation of milk acquired by it from the different collecting centres;

(k) sanction, without prior reference to the Central Government, capital expenditure of a sum not exceeding fifteen lakhs of rupees;

(l) discharge such other functions as may be prescribed or as are supplemental, incidental or consequential to any of the functions conferred on it by or under this Act.

#### CHAPTER IV

##### MANAGEMENT

**Manage-  
ment of  
affairs and  
business  
of Cor-  
poration.** 10. (1) The general superintendence, direction and management of the affairs and business of the Corporation shall vest in a Board of Directors, which may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation under this Act.

(2) In discharging its functions, the Board of Directors shall act on business principles having regard to the interests of the producer and consumer and shall be guided by such instructions on questions of policy as may be given to it by the Central Government.

**Board of  
Directors.** 11. (1) The Board of Directors of the Corporation (hereinafter referred to as the "Board") shall consist of the following, namely:—

(a) a Chairman;

(b) two members to represent the Ministry of the Central Government dealing with Agriculture;

(c) two members to represent respectively the Ministries of the Central Government dealing with—

(i) co-operation, and

(i) finance;

(d) four members to represent respectively the Delhi Administration, the Government of the State of Haryana, the Government of the State of Rajasthan and the Government of the State of Uttar Pradesh;

(e) Chairman, National Dairy Development Board;

(f) Animal Husbandry Commissioner to the Government of India in the Department of Agriculture;

(g) Joint Commissioner (Dairy Development) to the Government of India in the Department of Agriculture;

(h) one Managing Director.

(2) All the members of the Board shall be appointed by the Central Government.

(3) The Managing Director shall—

(a) exercise such powers and perform such duties as the Board may entrust or delegate to him; and

(b) receive such salary and allowances and be governed by such terms and conditions as the Board may, with the approval of the Central Government, determine;

Provided that the first Managing Director shall receive such salary and allowances as the Central Government may fix.

12. The members of the Board, other than the Managing Director, shall be entitled to receive by way of remuneration or fees, such sums as may be prescribed;

Members of Board to receive remuneration, etc.

Provided that no official member shall be entitled to receive any remuneration other than any allowance admissible to him under the rules regulating his conditions of service.

13. The term of office of, and the manner of filling casual vacancies among, the members of the Board shall be such as may be prescribed.

Term of office, etc., of Board of Directors.

14. (1) The Central Government may, if it is of opinion that it is expedient in the interests of the Corporation so to do, after consultation with the Corporation, remove the Managing Director from office after giving him a reasonable opportunity of showing cause against the proposed removal.

Removal and resignation of Directors.

(2) A member of the Board may resign his office by giving notice thereof in writing to the Central Government and on such resignation being accepted, he shall be deemed to have vacated his office.

15. (1) The Board may constitute an Executive Committee which shall consist of —

Executive Committee.

(a) the Chairman of the Board, who shall be the Chairman of the Executive Committee;

(b) the Managing Director; and

(c) three other members of the Board.

(2) Subject to the general control, direction and superintendence of the Board, the Executive Committee shall be competent to deal with any matter within the competence of the Corporation.

Members of Board not to vote in certain cases.

16. A member of the Board, who has any direct or indirect pecuniary interest in any matter coming up for consideration at a meeting of the Board, shall, as soon as possible after relevant circumstances have come to his knowledge, disclose the nature of his interest at such meeting and the disclosure shall be recorded in the minutes of the meeting of the Board and the member shall not take any part in any deliberation or decision of the Board or committee with respect to that matter.

Meetings.

17. (1) The Board shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings (including the quorum at meetings) as may be provided by regulations made by the Corporation under this Act.

(2) The Chairman of the Board or, if for any reason he is unable to attend any meeting, any other director elected by the directors present at the meeting, shall preside at the meeting.

(3) All questions which come up before any meeting of the Board shall be decided by a majority of the votes of the members thereof present and voting, and, in the event of an equality of votes, the Chairman, or in his absence the person presiding, shall have and exercise a second or casting vote.

Vacancies, etc., not to invalidate proceedings of Board or committees.

18. No act or proceeding of the Board or any committee thereof shall be invalid merely by reason of the existence of any vacancy in, or any defect in the constitution of, the Board or such committee.

## CHAPTER V

### FINANCE, ACCOUNTS AND AUDIT

Funds of Corporation.

19. (1) The Corporation shall have its own funds and all receipts of the Corporation shall be credited thereto and all payments of the Corporation shall be made therefrom.

(2) Such funds shall be applied for meeting all administrative expenses of the Corporation and for carrying out the purposes of this Act.

Closure of accounts.

20. The Corporation shall cause its books to be closed and balanced on the 31st day of March of each year.

Appointment of auditor.

21. (1) After the closure of accounts each year, the Corporation shall appoint, with the previous approval of the Central Government, an auditor for the audit of the said accounts.

(2) The auditor appointed by the Corporation shall be a person who is qualified to act as an auditor of a company under section 226 of the Companies Act, 1956, and shall receive such remuneration as the Corporation may, in consultation with the Central Government, fix.

(3) The auditor shall be supplied with a copy of the annual balance-sheet and the profit and loss account of the Corporation and a list of all books kept by the Corporation, and it shall be the duty of the auditor to

examine the balance-sheet and the profit and loss account with the accounts and vouchers relating thereto, and in the performance of his duties, the auditor—

(a) shall have, at all reasonable times, access to the books, accounts and other documents of the Corporation;

(b) may, at the expense of the Corporation, employ accountants or other persons to assist him in investigating such accounts; and

(c) may, in relation to such accounts, examine the Managing Director or any officer or employee of the Corporation.

(4) The auditor of the Corporation shall make a report to the Corporation upon the annual balance-sheet and the profit and loss accounts and in every such report shall state—

(a) whether or not, in his opinion, the balance-sheet is a full and fair balance-sheet containing all the necessary particulars and is properly drawn up so as to exhibit a true and fair view of the affairs of the Corporation, and in case he had called for any explanation or information, whether it has been given and whether it is satisfactory;

(b) whether or not the transactions of the Corporation, which have come to his notice, have been within the powers of the Corporation;

(c) whether or not the returns received from the offices and agencies of the Corporation have been found adequate for the purpose of his audit;

(d) whether or not the profit and loss account shows a true balance of profit and loss for the period covered by such account; and

(e) any other matter which he considers should be brought to the notice of the Corporation.

(5) The report of the auditor shall be verified, signed and transmitted to the Corporation in such manner as may be prescribed.

22. After making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds and all other matters for which provision is necessary under any law, or which are usually provided for by companies under the Companies Act, 1956, the Corporation shall transfer the balance of its profits to a reserve fund to be established by the Corporation.

Surplus profits.

1 of 1956.

## CHAPTER VI

### TRANSFER OF EMPLOYEES TO THE CORPORATION

23. (1) On the establishment of the Corporation, it shall be lawful for the Central Government to transfer, by order and with effect from such date or dates as may be specified in the order, to the Corporation any person employed by that Government for the purposes of the Delhi Milk Scheme:

Special provisions for transfer of employees to Corporation.

Provided that no order under this sub-section shall be made in relation to any person employed by the Central Government for the purposes of the Delhi Milk Scheme, who has, in respect of the proposal of the Central Government to transfer him to the Corporation, intimated, within such time as may be specified in this behalf by that Government, his intention of not becoming an employee of the Corporation.

(2) An officer or other employee transferred by an order made under sub-section (1) shall, on and from the date of transfer, cease to be an employee of the Central Government and become an officer or other employee of the Corporation with such designation as the Corporation may determine and shall, subject to the provisions of sub-sections (3), (4) and (5), be governed by the regulations made by the Corporation under this Act as respects remuneration and other conditions of service including pension, leave and provident fund, and shall continue to be an officer or other employee of the Corporation unless and until his employment is duly terminated by the Corporation.

(3) Every officer or other employee transferred by an order made under sub-section (1) shall, within six months from the date of transfer, exercise his option in writing to be governed,—

(a) by the scale of pay applicable to the post held by him under the Central Government immediately before the date of transfer or by the scale of pay applicable to the post under the Corporation to which he is transferred,

(b) by the leave, provident fund, retirement or other terminal benefits admissible to officers or other employees of the Central Government in accordance with the rules and orders of the Central Government as amended from time to time or the leave, provident fund or other terminal benefits admissible to the officers or other employees of the Corporation under the regulations made by the Corporation under this Act.

and such option, once exercised, shall be final:

Provided that the option exercised by an officer or other employee under clause (a) shall be applicable only in respect of the post to which such officer or employee is transferred to the Corporation and in the event of his appointment to a higher post under the Corporation, he shall be eligible only for the scale of pay applicable to such higher post:

Provided further that if immediately before the date of his transfer any such officer or other employee is officiating in a higher post under the Central Government either in a leave vacancy or in any other vacancy of a specified duration, his pay, on transfer, shall be protected for the unexpired period of such vacancy and thereafter he shall be entitled to draw, at his option, pay in the scale of pay applicable to the post under the Central Government to which he would have reverted or to the scale of pay applicable to the post under the Corporation to which he is transferred:

Provided also that when an officer or other employee serving in the Department of the Ministry of the Central Government dealing with the Delhi Milk Scheme is promoted to officiate in a higher post in that Department subsequent to the transfer to the Corporation of any other officer or employee senior to him in that Department before such transfer, the officer or other employee who is promoted to officiate in such higher post shall, on transfer to the Corporation, be entitled only to the scale of pay applicable to the post he would have held but for such promotion, or the scale of pay applicable to the post under the Corporation to which he is transferred, whichever he may opt.

(4) No officer or other employee transferred by an order made under sub-section (1),—

(a) shall be dismissed or removed by an authority subordinate to that competent to make a similar or equivalent appointment under the Corporation as may be specified in the regulations made by the Corporation under this Act;

(b) shall be dismissed or removed or reduced in rank except tunity of making a representation on the penalty proposed, but only him and given a reasonable opportunity of being heard in respect of those charges and where it is proposed, after such inquiry, to impose on him any such penalty, until he has been given a reasonable opportunity of making a representation on the penalty proposed, but only on the basis of the evidence adduced during such inquiry:

Provided that this clause shall not apply,—

(i) where an officer or other employee is dismissed or removed or reduced in rank on the ground of conduct which has led to his conviction on a criminal charge; or

(ii) where the authority empowered to dismiss or remove an officer or other employee or to reduce him in rank is satisfied that for some reason, to be recorded by that authority in writing, it is not reasonably practicable to hold such inquiry; or

(iii) to an officer or other employee who, after transfer to the Corporation, is appointed to a higher post under the Corporation in response to an open advertisement and in competition with outsiders.

(5) If, in respect of any such officer or other employee as aforesaid, a question arises whether it is reasonably practicable to hold such inquiry as is referred to in sub-section (4), the decision thereon of the authority empowered to dismiss or remove him or to reduce him in rank shall be final.

(6) Nothing contained in sub-section (1) shall apply to the members of the Central Secretariat Service or any other Service or to persons on deputation to the Department referred to in that sub-section or to any of its attached or subordinate offices from any Ministry of the Central Government or from any State Government or from any organisation.

## CHAPTER VII

### MISCELLANEOUS

24. Any reference to the Delhi Milk Scheme in any law, other than this Act, or in any contract or other instrument, shall be construed, on the establishment of the Corporation, as a reference to the Corporation.

25. Every Chairman, member of the Board, member of the Executive Committee, auditor, officer or other employee of the Corporation shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Schedule.

26. (1) Every member of the Board shall be indemnified by the Corporation against all losses and expenses incurred by him in, or in relation to, the discharge of his duties except such as have been caused by his own wilful act or default.

Refer-  
ence to  
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tion of  
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nity.

(2) A member of the Board shall not be responsible for any action taken or anything done by any other member of the Board or by any officer or other employee of the Corporation or for any loss or expense resulting to the Corporation from the insufficiency or deficiency of the value of, or title to, any property or security acquired or taken on behalf of the Corporation in good faith, or by the insolvency or wrongful act of any person under obligation to the Corporation or by anything done in good faith, in the execution of the duties of his office or in relation thereto.

Protection of action taken in good faith.

27. No suit or other legal proceeding shall lie against the Corporation or any member of the Board thereof or any member of the Executive Committee, or any officer or other employee of the Corporation or any other person authorised by the Corporation to discharge any functions under this Act, for any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done under or in pursuance of this Act.

Offences.

28. (1) Whoever, without the consent in writing of the Corporation, uses its name in any prospectus or advertisement, shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

(2) No court shall take cognizance of any offence under sub-section (1) except on a complaint in writing by an officer authorised in this behalf by the Corporation.

Provision relating to income-tax, etc.

29. For the purposes of the Income-tax Act, 1961, or any other enactment for the time being in force relating to income-tax, super-tax or any other tax on income, profits or gains, the Corporation shall be deemed to be an Indian company and a company in which public are substantially interested and shall be liable to tax accordingly on its income, profits and gains. 43 of 1961.

Winding up of Corporation.

30. No provision of law relating to the winding up of companies or corporations shall apply to the Corporation and it shall not be placed in liquidation save by order of the Central Government and in such manner as that Government may direct.

Power to make rules.

31. (1) The Central Government may, by notification in the Official Gazette, make rules to carry out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing powers, such rules may provide for—

(a) the purchase, sale, storage, transportation or distribution of milk or milk products by the Corporation;

(b) the term of office of the members of the Board and the manner of filling vacancies among the members of the Board;

(c) the remuneration or fees which the members of the Board, other than the Managing Director, shall be entitled to receive from the Corporation;

(d) the manner of verification and signature of the report of the auditor and the manner of transmission of such report to the Corporation; and

(e) such other matters as may be, or are required to be, prescribed.

(3) Every rule made by the Central Government under this Act shall be laid as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

32. (1) The Corporation may, with the previous sanction of the Central Government, by notification in the Official Gazette, make regulations not inconsistent with the provisions of this Act and the rules made thereunder, to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

Power to  
make  
regula-  
tions.

(2) In particular, and without prejudice to the generality of the foregoing powers, such regulations may provide for—

(a) the method of appointment, the conditions of service and the scales of pay of the officers and other employees of the Corporation;

(b) the duties and conduct of officers and employees of the Corporation;

(c) the functions and duties which may be entrusted or delegated to the Managing Director;

(d) the times and places at which meetings of the Board or the Executive Committee thereof shall be held and the procedure to be followed thereat;

(e) the fees and allowances payable to the members of the Executive Committee;

(f) generally, the efficient conduct of the affairs of the Corporation.

(3) The Central Government may, by notification in the Official Gazette, rescind any regulation which it has sanctioned and thereupon such regulation shall cease to have effect.

(4) Any regulation which may be made by the Corporation under this Act may be made by the Central Government within three months from the establishment of the Corporation and any regulation so made may, subject to the provisions of sub-section (3), be altered or rescinded by the Corporation in the exercise of its powers under this Act.

33. (1) The Corporation shall, as soon as possible after the end of each year, submit to the Central Government an annual report on the working and affairs of the Corporation.

Annual  
Report

(2) The Central Government shall, as soon as may be after the receipt of such report, cause such report and the audit report received by it to be laid before both Houses of Parliament.

## THE SCHEDULE

(See section 25)

## DECLARATION OF FIDELITY AND SECRECY

I, \_\_\_\_\_, do hereby declare that I will faithfully, truly and to the best of my skill and ability execute and perform the duties required of me as Chairman, member of the Board, member of the Executive Committee, auditor, officer or other employee (as the case may be) of the Delhi Milk Supply Corporation and which properly relate to the office or position in the said Delhi Milk Supply Corporation held by me.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the Delhi Milk Supply Corporation or to the affairs of any person having any dealing with the Delhi Milk Supply Corporation; nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the Delhi Milk Supply Corporation and relating to the business of any person having any dealing with the Delhi Milk Supply Corporation.

### STATEMENT OF OBJECTS AND REASONS

The Delhi Milk Scheme which was hitherto being run on a departmental basis by the Ministry of Food, Agriculture, Community Development and Co-operation (Department of Agriculture) has been operating at a loss, since its inception. It need not be gainsaid that it is an unenviable plight for a commercial organisation like the Delhi Milk Scheme. With a view to meeting this situation and to impart a degree of flexibility in its operation, it has been decided to convert the Delhi Milk Scheme into a Statutory Corporation. The Bill seeks to give effect to the said decision.

The paid-up capital of the Corporation shall be an amount not exceeding rupees seven crores as the Central Government may determine. This amount will be equal to the value of the assets on the date of conversion of Delhi Milk Scheme into Statutory Corporation (estimated to be Rs. 3.60 crores as on 1st of April, 1970). All non-recurring capital expenditure incurred by the Central Government for Delhi Milk Scheme shall be treated as a part of the paid-up capital provided by the Central Government to the proposed Corporation. The entire paid-up capital of the Corporation shall be held by the President of India. In addition, Central Government may also advance loan to the Corporation from time to time as working capital.

The functions of the Corporation will be mainly to ensure adequate supply of good milk and milk products, conforming to the standards of purity laid down under any law, for the time being in force, at a reasonable price. The Corporation has also been empowered to borrow money from a scheduled bank or any other banking institution approved by the Central Government. Repayment of the money borrowed by the Corporation will be guaranteed by the Central Government.

NEW DELHI;  
*The 10th August, 1970.*

ANNASAHIB P. SHINDE.

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### PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

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[Copy of letter No. 3-2/70-LD.I, dated the 22nd August, 1970 from Shri Annasahib P. Shinde, Minister of State in the Ministry of Food, Agriculture, Community Development and Co-operation to the Secretary, Lok Sabha.]

The President having been informed of the subject matter of the Bill to provide for the establishment of a corporation, for the purpose of acquiring, distributing and selling milk and milk products in the Union Territory of Delhi and other areas and for matters connected therewith or incidental thereto, recommends under Article 117(1) and (3) of the Constitution of India read with Article 274(1) thereof, the introduction of the Delhi Milk Supply Corporation Bill, 1970, in the Lok Sabha and also the consideration of the Bill by the Lok Sabha.

## STATEMENT OF OBJECTS AND REASONS

The initial paid-up capital of the Delhi Milk Supply Corporation shall be an amount not exceeding Rs. 7 crores as the Central Government may determine [Clause 5(1) of the Bill]. This amount will be equal to the value of the assets on the date of conversion of Delhi Milk Scheme into a Statutory Corporation (estimated as Rs. 3.60 crores as on 1st of April, 1970). In addition, the Central Government may provide such further capital as may be required by the Corporation for carrying on the business of the Corporation or for any purpose connected therewith on such terms and conditions as the Central Government may determine [Clause 5(3) of the Bill]. The Central Government may also advance loan to the Corporation from time to time as working capital.

2. All assets and non-recurring expenditure of capital nature incurred by the Central Government for or in connection with the Delhi Milk Scheme up to the actual date of the establishment of the Corporation shall be treated as a part of the paid-up capital provided by the Central Government to the Corporation [Clause 5(2) and Clauses 7(1) and 7(2) of the Bill].

3. The Central Government may also guarantee the advances taken or monies borrowed by the Corporation from any scheduled bank or any other bank or banking institutions approved by the Central Government as to the repayment of the principal and the payment of the interest thereon and other incidental charges [Clause 6(2) of the Bill]. The ultimate liability arising out of such a guarantee is not expected to exceed Rs. 8 crores.

4. Inasmuch as the Corporation is to take over completely the assets and liabilities of the Delhi Milk Scheme and consequently that of the Central Government on the date of its conversion into Corporation, no liability on this account will accrue to the Central Government (Clause 7 of the Bill). Similarly, pay and allowances of the staff and pensionary and provident fund liability will also be borne by the Corporation, except in the case of those employees who do not opt to serve the Corporation in terms of the provisions contained in Chapter VI of the draft Bill. On the assumption that 90 per cent of the staff would opt to come under the Corporation, the liability of the Central Government in respect of the remaining 10 per cent of the staff will not exceed Rs. 50 lakhs being the capitalised value of the liability on account of pension and provident fund spread over 15 years plus Rs. 10 lakhs per annum on account of pay and allowances of the remaining staff.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 31 of the Bill empowers the Central Government to make rules to give effect to the provisions of the Act. The matters in respect of which such rules may be made relate to the purchase, sale, storage, transportation or distribution of milk or milk products by the Corporation and also the term of office of the members of the Board and the remuneration and fees to be paid to them, etc.

Clause 32 of the Bill empowers the Corporation to make, with the previous sanction of the Central Government, regulations, not inconsistent with the provisions of the Act and the rules made thereunder. The power of making regulations is confined to the appointment of officers and employees of the Corporation, their duties and functions and also the duties and functions which may be entrusted or delegated to the Managing Director, regulation of the meetings of the Board of the Executive Committee and the fees and allowances payable to the members of the Executive Committee.

All these relate to matters of detail or procedure and as such the delegation of legislative power is of a normal character.

S. L. SHAKURTEL,  
*Secretary.*

